

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(HOUSING TASK FORCE REPORT)**

October 15, 2002

6:30 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Thibault.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O’Neil,
Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Mayor Baines stated the purpose of the special meeting is to hear the report of the Mayor’s Housing Task Force that it seems like I put together about a decade ago but it is not quite that long ago. Perhaps the best way to preview what we will hear is simply to read parts of a letter of introduction that I wrote to this report for the benefit not only of the people listening at home but the people in the Chamber this evening.

“Having a roof over one’s head and a safe haven from the elements is an integral part of anyone’s definition of living in dignity. In recent years in Manchester and in cities and towns across the nation providing for this basic necessity has become increasingly difficult as rents and mortgage payments have skyrocketed. Individuals across the social economic spectrum are finding it difficult and in too many cases impossible to find affordable housing.

In an effort to address the problem in Manchester, I asked Jeannette Gagnon and Bob MacKenzie to coordinate the activities of a housing task force which was charged with the responsibility of suggesting policies that would promote the development and construction of new housing units in an attempt to lower Manchester’s occupancy rate and to impact rental prices.

This report is the product of their leadership and the hard work of members of the committee who I would like to name at this particular point in time.”

Mayor Baines stated Maureen Beauregard from Families in Transition; Elliot Berry from New Hampshire Legal Assistance; William Caselden from Great Bridge Properties; Dean Christon from New Hampshire Housing Finance Authority, Louis Craig from Serenity Place,

Dick Dunfey from MHRA; David Harrity from HUD; Paul Martineau from the Welfare Department, Sandy Lamontagne from Lamontagne Builders; Mary Anne Martel from the US Department of Housing and Urban Development; Clair Monier from the NH Housing Finance Authority; Mary Mongan from Voices & Choices; Ignatius MacLellan from Fannie Mae; Joanne Pinard, a private citizen; David Scannell from my office; Dick Shannon from NH Catholic Charities; Mary Sliney from The Way Home; Nike Speltz representing the Bean Foundation; Felix Torres from Neighborhood Housing Services; Mike Tessier from New Horizons and special thanks to the Planning staff who helped us put together this proposal. I would now like to turn it over to Mr. MacKenzie and Jeannette Gagnon.

Ms. Jeannette Gagnon stated I want to start by recognizing the members of the Committee who are here this evening. Director Dick Dunfey of the Manchester Housing Authority, Paul Martineau the Commissioner of City Welfare, Mary Sliney the Director of The Way Home, Todd Fleming and Meena Gyawali from the Planning Department. I had the distinct pleasure and honor of being the Co-Chairperson of this Committee. It is a very important issue to our City. As the Mayor indicated, he convened the Housing Task Force to develop an action strategy for our City. The Task Force met regularly to develop a comprehensive plan. In addition, in the summer of 2001 we had up to 90 people at one point attend the Housing Conference at the University of NH campus here in Manchester. My Co-Chair Bob MacKenzie will detail a little more what is in our housing report. Thank you for your attention.

Mr. MacKenzie stated for the record I am the Director of Planning and I do appreciate the opportunity to present this information tonight and thank you for this opportunity, honorable Board members. I would like to start out with three slides, which basically give you a good indication of where the housing stands in Manchester now. This first slide, which is in your packet, shows how many new housing units were permitted in the City of Manchester since 1980. What you will see...there are actually two categories. The light blue is single-family and the darker purple is multi-family. What you will see is that activity in the 80's was very strong. In fact, in a couple of years we had exceeding 1,000 new dwelling units in the City. Following the recessionary period in the City in 1990 and through the 1990's, we had basically a net of less than 200 units per year. I would comment that perhaps the over 1,000 units is over production in the City but the 200 units per year is under production. The correct amount for the City is hard, exactly, to tell but somewhere between replacing 1% to 2% of the total housing stock of the City is a good number for cities to shoot for, which means somewhere between 400 and 800 units would be an appropriate annual production of housing. As a direct result of the housing changes and the changing economy, you can see the vacancy rates. With the recession peaking in 1992 when several of the banks collapsed and the housing market collapsed, we had vacancy rates of 8%, which is very high. Particularly hit hard was the central part of the City where we had vacancy rates approaching 20% with a number of abandoned buildings. Beginning in that year and into 2001 we had a decline in vacancy rates. The last reported number for early this year, 2002, was still less

than 1% so with limited housing production and economic growth, we have had a significant decline in vacancy rates. As a direct result of that, this shows the rental costs for housing in the City. Basically flat in the early part of the 1990's. It has been escalating fairly rapidly up through 2001 up to over \$900 total per month for a typical two-bedroom unit.

Interestingly, despite the recent recession rental rates in the City are still escalating, not necessarily at the higher end, which are over \$1,000 per unit, but in general average typical two-bedroom units are still increasing. This is different than the Boston market where the rental rates have leveled off. Both the Mayor and Jeannette Gagnon have talked about the members of the Task Force. We had a varied group from builders to organizational representatives to individual citizens and on our staff, Todd Fleming is here tonight and Meena Gyawali who was the project coordinator on our staff was not available tonight.

Based upon the conference and the work of the Task Force over almost two years, we came up with a report that has a series of recommendations. The first chapter in the report deals with City policy and recommendations for City policy. The first is that the Board should have an overall policy on how it deals with housing, a generalized policy on where the City would like to go. It should also have more detailed policies. A policy on the use of housing funds, particularly those that we get from the Federal government, the Department of Housing and Urban Development. A policy on City planning and regulation, which has a significant impact on housing availability. A policy on surplus City property. If there is City property available, the City should consider using that for different types of housing. A policy on City development and in particular the policy that if the City is going to remove housing from the housing stock that the City make a good faith effort to replace those units. Actually, it has been the City over the last 10 years that has removed more housing units than any other organization. Monitoring of housing stock is important. We are looking at an affordable housing process where you can also have overproduction of housing. Monitoring housing on a regular basis will let you know where you stand. Are you well below and are you going to have a housing crisis or are you at the point where you are producing too much housing? I believe finally a parking policy. As we look at reusing different buildings in the City, particularly the central City, it is important to look at how the parking policy affects housing. For example, we could look at parking availability in the downtown, particularly in garages, which are essentially vacant at night and look at different pricing structures that would attract residential uses downtown and would provide additional revenues for the City. Planning and coordination. We have been doing this for some time but there is still a need for additional coordination of information. We find that a lot of groups have information on housing but there is no central clearing house to gather that and determine what the current situation is with housing. We should have an inventory of opportunities for housing. The vacant land that is available for housing, if a developer comes to us and says we want to invest in senior housing or market rate housing, we should have a GIS database of available parcels for housing opportunities. The regulatory structure has a fairly significant impact on housing and housing costs. We have to make sure that building and fire codes are coordinated and recognize the impact on housing. A number of states in a number of communities have been looking at ways to contain the costs by looking at rehab codes. New

Jersey was the first state that adopted a statewide rehab code, which allows different approaches to building codes when you are dealing with existing properties and I know the Mayor has talked about it in the past. We are going to be approaching a point where most of our new development is redevelopment, not new development on vacant land. We have to be able to utilize our existing vacant building stock and reuse those and put those back on the tax base. Zoning ordinance. The zoning ordinance tells you what density can be built. I think there are still opportunities to continue to look at the zoning ordinance, particularly in the central city, to make sure that we are allowing enough density to make it economic to build additional housing in the central area of the City. Regulatory coordination. There are a lot of Federal agencies, State agencies, and local agencies that regulate new development. The more we can regulate the different arms of the City to make sure that the procedures are operating smoothly, the easier and more inviting it is for housing developers to come in to the City. Education and advocacy. Frequently we hear about new development in the City and that it is overwhelming certain neighborhoods. The reality has been somewhat different and I think it is important to allow someone to go through an education advocacy process so that you are aware of the basic facts on housing production and how that relates to housing affordability. Outreach education and advocacy are two roles that somebody should be playing in terms of housing. Incentives and financing. Clearly the market rate housing, there is a rebirth of some types of market rate housing but frequently you will see that affordable housing is difficult to build new and at times when the affordable housing crunch hits and there is no available housing the City, through Federal programs, has been looking at financing or assisting in financing, affordable housing projects so we are looking at increased funding for housing, particularly from Federal programs and again an inventory of opportunities for housing would make it much easier to explain when a housing developer comes in, where they can go and what the regulations are. Finally, I did try to keep this a brief presentation, what can this Board do to attack the affordable housing issues in the City? The first is that they could adopt the City policy section of this report that gives guidance to departments and to other organizations that provide housing and let them know how this Board feels about housing. Another is to insure that in the CIP process, which will be starting up in a couple of months, that requests for new affordable housing, particularly affordable housing, gets funded in the CIP process. In addition, as I talked about the regulatory structure, as this Board hears ordinances and departmental reorganizations one of the questions you can ask is how can this organization or change in organization help streamline the process for new housing production. Finally, the Board may want to consider a long-term permanent housing collaborative that gets together the different people involved in housing production and regularly meets to monitor the production housing stock, see where the difficulties are and make recommendations back to this Board on a regular basis to insure that housing is a top priority agenda item of the Board. That concludes my presentation. I know Jeannette and I and other Task Force members are available to answer questions.

Alderman Lopez stated back in August of 2001 I sat in on a meeting of the Task Force and I want to commend them on this report. One of the areas that were of concern was the homeless and the homeless shelters and elderly housing. If I recollect, I think the MHA had a meeting here and said that in 2001 we had about 2,500 names and now we have 4,000 names. Along with that, the homeless have increased since that time. Did the Committee do any type of numbers in putting this report together other than the 2001 numbers that were in the original book?

Mr. MacKenzie replied we do have some updated numbers from the NH Housing and Finance Authority for, I believe, early 2002. They came in too late to be included in the report but basically it shows that it hasn't gotten any better. I would note that the numbers you are referring to, the 4,000 people, are people or families looking for affordable housing. They may already have some type of housing but they need assistance in their housing payments. There is a separate number for, for example, the homeless population in the City and clearly it has been difficult for existing organizations to handle even existing homeless populations.

Alderman Lopez stated I think it is important because if the market is, and I know it as high as you say it is, then the assistance that the homeless shelter is going to provide for the working families that need that assistance is going to be higher as we go along. In order to accomplish some of the things you have mentioned like the policy is a general policy that I believe we all believe in. In doing this, I don't see anything that I can sink my teeth into after a year of study by this Committee. With all due respect, are you recommending that until we develop these types of ordinances or directions or planning...I know the Planning Board indicated at one time to put a freeze on until all of these things are in place otherwise the words are you are looking at this and looking at that and we will keep looking until everything continues to happen. Do you believe that a freeze should be put on the development in order to get some of these things into place before we go too far?

Mr. MacKenzie replied I think generally a freeze in most communities where it has happened has aggravated the affordable housing problem. It has increased rents and driven vacancy rates down to the point where there are no vacancies. In my opinion you have to be very careful about freezes and actually there are State laws that regulate what you can and cannot do. I am not sure whether a freeze is going to help this particular situation. I think it will probably exacerbate the situation.

Mayor Baines stated if I can answer your question I think if there is one thing we need to put our teeth into immediately it is the issue of smart codes. As we move to rehab existing buildings I think we need to get moving on the issue of addressing our codes in regards to rehabilitation. I think that is one issue because especially, you see the catalyst going on in the downtown area around housing and in fact the Chamber is sponsoring a forum next week I think when we are actually going to go on a walking tour visiting some buildings in the

City including the Bond building and looking at what is going to happen at Bridge and Elm and also looking at the Silvestri building as opportunities to rehab existing buildings. What we do because of our codes is we make it a deterrent for a lot of people to redevelop their buildings and convert them into housing. That is why New Jersey and other urban centers have done it. I think if there is one thing we could tackle immediately out of this report it would be the issue of smart codes and we could have this Board really insist that the bureaucracy move forward and come forward with some recommendations so we can adopt those codes.

Alderman Lopez stated I agree with that philosophy but I am just concerned with the downtown, which I have said many times that apartment buildings should go over but that is not going to solve the situation of those people who are in need because as the rent goes up...are we addressing housing assistance for those 4,000 people who need elderly housing under Section 8. Has that been addressed by the Committee? I know that MHA is part of that Committee and maybe they could answer that question.

Mr. Dick Dunfey replied we, on our own, attempt to address expanding the supply and support of affordable housing but we need to have a coordinated effort City wide to do that. That is the only way you are going to solve this overall problem in the long run. We deal, for the most part, with people who aren't necessarily homeless but they are doubled up or they are living in conditions that aren't good. We are doing everything we can to develop new housing in the City and we have worked hard to increase our supply of Section 8 vouchers and continue to expand that even with the recent increase in the number available to us within the past couple of weeks. We can only do so much and as we operate on our own we continue to see our waiting list grow and it is actually...we went past the 4,100 mark today and that is 4,100 households, not individuals, so we are talking about a whole lot of people who need affordable housing but until we have a well orchestrated concerted effort City wide addressing some of these regulatory and other issues that Bob has gone through tonight in his presentation, we are not going to make any real progress I guess would be the bottom line.

Mayor Baines stated we are running out of time and I know a couple of other Aldermen want to ask some questions.

Alderman Lopez stated if there is any more delay in the City with staff or where we need to step in we need to know those things because I know from experience that sometimes it is a planning aspect and we keep looking at it and never get it done.

Alderman Gatsas stated I think the first thing we have to do is get rid of the word affordable housing, which we have done at the State level on a committee that I sit on. We have gotten rid of that word affordable housing. We have incorporated workforce family housing as the title we should be using because affordable is different to different people. If we eliminate

that first and talk about workforce family housing I think we are going to get to an end a lot quicker. I think that some of the things when we talk about workforce family housing the first thing we think of is additional children and we put constraints on ourselves at the City level by trying not to put in units that are going to attract children. We know that that puts some stress on our school system so until we find a way either at the local level to get rid of that thought process so that we can bring in new development to grow our tax base because without housing they aren't coming. I think we first need to remember that that term we have used in the past we get rid of and we use workforce family housing. That brings a connotation to at least policemen, firemen and the people who work on circuit boards and schoolteachers. It is everybody. I think that is the first thing we have to address. We have to address how we are going to make it a little easier for a developer to come in and put some workforce housing in so that there is an initiative for him to do it.

Mayor Baines stated I want to thank the Alderman for both of those comments because the economic development impact is very significant. The reality today is that if you are a first year teacher trying to find a house in Manchester, you can't afford to live in Manchester right now because of the supply and demand issue that has pushed rents through the roof. That is where Alderman Gatsas' comments are particularly poignant because the word "affordable" has so many definitions today that you might not think of people out earning what most of us would consider a decent wage not being able to afford to live in Manchester right now. That is not right. We are going to stymie our economic development potential unless we address it in a very aggressive way.

Alderman DeVries stated the zoning ordinance that you indicate you are looking for some changes to, have you identified areas of the City where you would like to see an increase in density and have you done any work on the overlay districts that you would like to see developed or is it in the planning process.

Mr. MacKenzie replied we are still working on the look back provision. We have identified basically the downtown as an area that we think should have a higher density. Also, the parking issue comes into play. If you are requiring two spaces per dwelling unit, that cuts down on the number of dwelling units you can have on the property. Primarily the downtown, the CDBG zoning district, but we are also looking at the R-3 district as well.

Alderman DeVries asked the legislative changes at the State level that you are looking for the Aldermen to endorse or initiate, can you elaborate on what that might be.

Mr. MacKenzie answered yes just briefly. There was a rehab code proposed at the State. It was hotly debated and I believe watered down but I am not sure what the current status of that is. At least it has come up for the first time at the State level and that is primarily the legislation we are talking about.

Alderman Shea stated what generated in my mind the thought that the examination of housing but what is causing the fact that 4,000+ people need assistance. Is there a study going on with what we are doing now to examine the causes of why so many people are lacking the financial means to sustain a standard of living in our community? In other words shouldn't some sort of an economic study be done pointing out why there are so many people and what we can do as a community because obviously to provide housing for people is really actually treating the effect but not the cause of why there is a need for so much housing. In other words, if we as a community are not creating opportunities for people to earn a decent wage and to be able to live within the City, that is to say first year teachers or other people, then we are going to be building and building and building and providing for people to live within the City by supplementing the amount of money that is necessary to live in the City. So what we have in our City if we are not careful is we have the "haves" and the "have nots" and unless we are careful we are going to as a community be kind of dividing. I am not sure if that is a comment or that is a reaction but that is what my mind is working towards.

Mr. MacKenzie stated I would just end with a comment that the most telling factor that affects this is the fact that our per capita income in Manchester and Southern NH is roughly the same as Massachusetts but their housing costs, single-family and renting, are roughly three times as high. A single family home in Massachusetts, eastern Massachusetts, is over \$500,000 and in Manchester it is \$176,000 so what we are seeing is pressure from the Massachusetts market that affects us directly and as we have projects like the I-93 widening, that is just going to encourage people, therefore, to potentially commute to Massachusetts and that is simply going to affect our market. There is no way around that. We cannot affect the Massachusetts market.

Mayor Baines stated I want to close this part of the meeting by thanking the members of the Task Force who provided a blueprint for the future. It is the first time I have seen us have something like that. I was talking with our friends at Fannie Mae today and they are going to use this as a vehicle for discussion on ways that they can leverage resources to help us with this challenge. As you know they are very big players in the financial arena around housing. They are very excited about this report. We have already started to have requests for this report from other communities across our region so it is a job well done and we thank all of you for the efforts that went into this. President Bush had a White House summit today on minority home ownership and we had a press conference here in Manchester to talk about the challenges in our community around that issue and we had a very compelling story by a family that immigrated here in 1991 that recently was able to bring the resources together with the assistance of Neighborhood Housing Services to make homeownership a reality and there are a lot of agencies working on that as well. So it is a big challenge. I think there are some benchmarks that we can establish to measure progress and I appreciate everyone's efforts in this regard. Thank you very much.

This being a special meeting of the Board, no further business was presented and on motion of Alderman Shea, duly seconded by Alderman DeVries, it was voted to adjourn.

A True Record. Attest.

City Clerk